



*Andrew Junkin  
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Managing Director*

November 23, 2008

Ms. Anne Stausboll  
Interim Chief Investment Officer  
California Public Employees' Retirement System  
400 Q Street  
Sacramento, CA 95814

Re: Revision to Ethics Policies

Dear Anne,

You requested Wilshire's opinion with respect to Staff's proposed revisions to CalPERS' Ethics Policies: 1) the Consultant Conflict of Interest Protocol, and 2) the Insider Trading Policy. These policies are being reviewed as a part of the ongoing Policy Project, where all of CalPERS' investment policies are being reviewed and revised as necessary to streamline and clarify. The third Ethics Policy, the Healthcare Investment Initiative Inter-Program Conflict of Interest Protocol, is not being revised at this time.

### **Recommendation**

Wilshire recommends that the Policy Subcommittee approve the changes.

### **Background**

The Consultant Conflict of Interest Protocol received only minor changes – primarily formatting. No substantive changes were made. Wilshire has reviewed the document in its entirety and finds that it is an appropriate way for Staff to monitor, on an ongoing basis, any apparent or real conflicts of interest a consultant may have. As a matter of course, Wilshire is subject to this policy and routinely updates Staff and the Investment Committee of any disclosable interests the firm may have.

Wilshire worked with the Legal Office in reviewing the Insider Trading Policy. This policy addresses how CalPERS defines and controls material non-public information about securities and limits the trading that can be done by Restricted Persons in securities of companies that are placed on the Restricted List. This Policy, combined with the current version of the proposed regulation on personal trading, provides appropriate governance and reporting regarding trading in companies where CalPERS might possess material non-public information.

**Conclusion**

Wilshire believes that the changes in the Policies are appropriate and ensure that CalPERS consultants and Staff are operating in the best interests of the System.

Should you require anything further or have any questions, please do not hesitate to contact us.

Best regards,

A handwritten signature in black ink, appearing to read "Ann Jinn". The signature is fluid and cursive, with a large loop at the end.